



IDAHO FARM BUREAU FEDERATION

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March 11, 2002

Idaho Public Utilities Commission
PO BOX 83720
Boise, ID 83720-0074

CASE NO. GNR-E-02-01

Dear Commissioners:

On behalf of the more than 52,000 member families of the Idaho Farm Bureau, I am pleased to comment in the matter of the investigation of the continued reasonableness of current size limitations for PURPA QF published rate eligibility and restrictions on contract length.

Our members are very interested in developing various forms of distributed generation including anaerobic digestion, small hydro units, wind, and possibly biomass and geothermal. All of these forms of generation are completely renewable and will help to strengthen the existing power grid by firming the grid with a greater diversity of generation as well as distributing generation around the state and closer to load centers.

Other benefits of these small, renewable projects include diversifying farm income, thus assisting farmers to maintain a viable farm operation which strengthens the local economy, and they will also assist in solving several perceived and real environmental concerns such as dairy odor, waste management, crop residue disposal, etc.

Dairies now contribute more to the state economy than any other segment of agriculture. Unfortunately, they are also becoming the most heavily regulated segment of agriculture because of perceived environmental concerns stemming from the number of animals concentrated into relatively small areas. An innovative and effective way to alleviate these concerns is to divert manure from dairies into anaerobic digesters that convert the manure into methane and other flammable gasses that are burned to generate electricity. This not only solves the odor and nutrient management concerns effectively, but it also provides a renewable, reliable source of electricity which was the purpose of PURPA when it was enacted in 1978.

Another emerging technology takes crop residue, such as wheat straw, and finely chops it and then injects it using compressed air into a combustion chamber.

The material burns hot enough to efficiently power steam turbines. This technology has the promise of helping to alleviate some of the concerns across the state due to the burning of crop residue. However, they, like the anaerobic digesters, cannot economically come to the market without a more friendly regulatory environment.

Current PURPA limitations here in Idaho are too restrictive and do not allow enough flexibility to effectively implement many of these innovative new solutions. For example, an anaerobic digester for a 5,000 cow dairy can easily cost \$2,500,000 to construct. There is absolutely no way that a dairyman can finance that large of a project with a five year contract. We request that the PUC restore the PURPA contract length to 20 years as it was prior to 1994. This would make it possible to use more traditional financing when a project can be amortized over a twenty year contract period.

In addition, the one megawatt size limitation is too small. The operations that are most in need of innovative solutions to their environmental concerns are the large dairy operations. 5,000 cows can adequately supply a one megawatt anaerobic digester. With the current PURPA size limitation, you are effectively taking away a golden opportunity to both generate clean, renewable, reliable energy and also help solve the nutrient management and odor concerns associated with the larger dairies in the state.

It also limits the ability of several smaller dairies located close together from cooperatively building a larger digester that they all can use, thus receiving the benefits of economy of scale. Most biomass generators would also need to be of a sufficient scale to be economically feasible. We believe that the pre-1994 size limitation of 10 megawatts is a much more reasonable standard.

Idaho has a great opportunity to utilize our vast agricultural resources to produce clean, renewable energy at a reasonable price for the consumers while also being innovative and proactive in our approach to environmental concerns.

We have an additional concern which is beyond the scope of this investigation that we want to bring to your attention. The current interconnect process needs some immediate attention. We have been told that a number of dairymen have applied to Idaho Power under their current interconnect guidelines for a feasibility study on the possibility of connecting anaerobic digesters to the grid. They were

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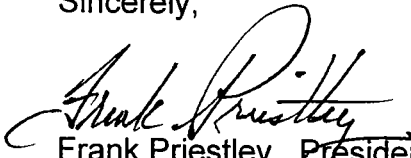
required to pay thousands of dollars up-front only to be told six months later that it would cost them more than \$80,000 to connect to the grid for work which should cost considerably less.

We readily admit that we are not electrical engineers and do not understand all that is required to connect a generating facility to the grid. However, we have been told by more than one source that the current process is quite outdated and that current technology allows for a much safer and far less expensive connection to the grid than Idaho Power seems to be willing to admit.

We respectfully request that the PUC investigate current interconnect procedures as required by the utilities. We believe it is only fair that you require the utilities to charge no more than the actual cost of interconnecting to the grid.

We appreciate the opportunity to comment on this most important matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Frank Priestley".

Frank Priestley, President
Idaho Farm Bureau Federation

CC: Robert J. Lafferty, Avista Corp.
Gregory N. Duvall, Pacificorp
Jim Fell, Pacificorp
John M. Eriksson, Utah Power and Light
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